



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

May 8, 2007

Mr. Randy Reneau
Chief Exploration Officer
Uranium Energy Corporation (UEC)
9801 Anderson Mill Road, Suite 230
Austin, Texas 78750

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123
Inspection Report

Dear Mr. Reneau:

Enclosed is a copy of the report for the inspection completed on May 3, 2007 at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 463-6901.

Sincerely,

A handwritten signature in black ink that reads "Melvin B. Hodgkiss".

Melvin B. Hodgkiss, Director
Surface Mining and Reclamation Division

MBH/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS SURFACE MINING AND RECLAMATION DIVISION URANIUM EXPLORATION INSPECTION REPORT

Mine Name: Weesache Prospect Permit Number: 123
 Permittee: Uranium Energy Corporation (UEC) County: Goliad
 Industry Representative(s) Present: _____
 Inspector: Murphy Hawkins Date of Inspection: May 3, 2007

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐
 Average Temperature 85° F Soil Condition Wet Date Last Rainfall _____ Wind Direction/
 Velocity (Est.) _____
 Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____
 Cessation Order Issued: No ☒ Yes ☐ CO No. _____

Murphy Hawkins
Inspector Signature

05/07/2007

Date

Melvin B. Hodgkin
Reviewing Supervisor Signature

5-8-07
Date

The Railroad Commission of Texas complies with Federal and State laws applicable to race, religion, national origin, sex, and disability. Information is available upon request by calling (512) 463-7288 or 1-800-735-2989 if special assistance is required.

Mine Name: Weesache Prospect
Permit Number: 123
Inspection Date: May 3, 2007

III. Comments – Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

Luann Duderstadt called me on Tuesday May 1, 2007, and asked about Uranium Energy Corporation (UEC) work stoppage in the Weesache Prospect. Specifically, Ms. Duderstadt asked if drilling had been stopped because of any Commission action. I told her that the Commission had not ordered the suspension of operations, and the stoppage was probably weather-related.

Ms. Duderstadt then stated that she was also calling about water well problems caused by the drilling. She said that the well problems were documented in the Channel 5 news (San Antonio) story (see attached news story). I told her I had a copy of the news story and ask if she was filing a complaint against the operation. After some consideration, Ms. Duderstadt said she and her husband wanted to file a complaint against the Uranium UEC operations in Goliad County. Ms. Duderstadt did not want the complaint held confidential. I arranged to meet with her and her husband at their ranch on Thursday May 3, 2007, at 10:00 a.m. Ms. Duderstadt provided the following contact information:

Craig and Luann Duderstadt
722 Duderstadt Road
Yorktown, Texas 78164
(361) 564-2081 (home)
(361) 564-8200 (cell)

On May 3, 2007, I traveled to the Duderstadt ranch. The Duderstadt ranch is located in Goliad Co. on the northwest corner of the Weesache project. The Duderstadts again stated that they were convinced that the drilling activities of UEC caused their new well to produce unsuitable turbid water, which continually clogs their filtering system. The Duderstadts took me to the well located in the yard next to their residence. According to the Duderstadts, they quit drinking the water produced by their older well when tests conducted on the water reported high levels of nitrates. The Duderstadts said that the water from the new well was completely satisfactory until UEC began operations. Additionally, according to Mr. Duderstadt, when UEC suspends operations for even a few days the water clears. To demonstrate his point, Mr. Duderstadt removed the filter on the well to show no sediment was present now that UEC operations are suspended and produced a sample of the water reportedly taken during a period of UEC activity which was heavily sediment laden. Mr. Duderstadt said that he had the well jetted in an effort to alleviate the sediment problem but no improvement was noted.

Mine Name: Weesache Prospect
Permit Number: 123
Inspection Date: May 3, 2007

III. Comments – Cont.

Using a handheld GPS, I obtained coordinates for the Duderstadt's two water wells. The well which was described as the new deep well (see photograph 1) which is the one addressed in this complaint was located at approximately N: 382,538; E: 2,527,526. The well identified as the older well (see photograph 2) which is no longer used for drinking water was located at approximately N: 382,549; E: 2,527,499 (NAD27 TX-SC). The two wells are approximately 30 feet apart. I ask the Duderstadts for completion information on the wells. They told me that the newer well was completed in 2005 and had a total depth of approximately 145 feet. The also stated that they had attempted to get a copy of the completion form from the well driller but he said it had been lost.

During the inspection, Mr. Jim Kreneck (Goliad County Commissioner Precinct 3) and Ms. Barbara Smith (Manager, Goliad County Groundwater Conservation District) arrived at the Duderstadt ranch. Ms. Smith provided water level information for the Duderstadts wells as follows:

New Well	
Date	Water Level
12-??-06	48'
4-24-07	51'
5-2-07	50.8'

Old (abandoned) Well	
Date	Water Level -
4-10-07	58'
5-2-07	52.8'

Ms. Smith said Mr. Art Dohmann, President of the Goliad County Groundwater Conservation District, collected the data. Ms. Smith also stated that the conservation district's well data indicated that the water level recovered or rose when UEC's activities stopped. The group then wanted to provide additional information on well problems at other sites around UEC's exploration activities. I said that I was there to inspect the Duderstadts complaint and that any information the group wanted to provide on broader issues would best be transmitted directly to the Director of the Surface Mining and Reclamation Division in Austin.

I provided the Duderstadts copies of the April 25, 2007, letter from the Division to the Goliad County Judge, which explained that the Commission may only order a cessation of operations after if after the expiration of the abatement period, it finds that the violation has not been abated (copy attached). Additionally, the letter addressed possible groundwater contamination at the site by providing a copy of an April 20, 2007, letter to James B. Blackburn Jr., Attorney (copy attached).

Mine Name:	<u>Weesache Prospect</u>
Permit Number:	<u>123</u>
Inspection Date:	<u>May 3, 2007</u>

III. Comments – Cont.

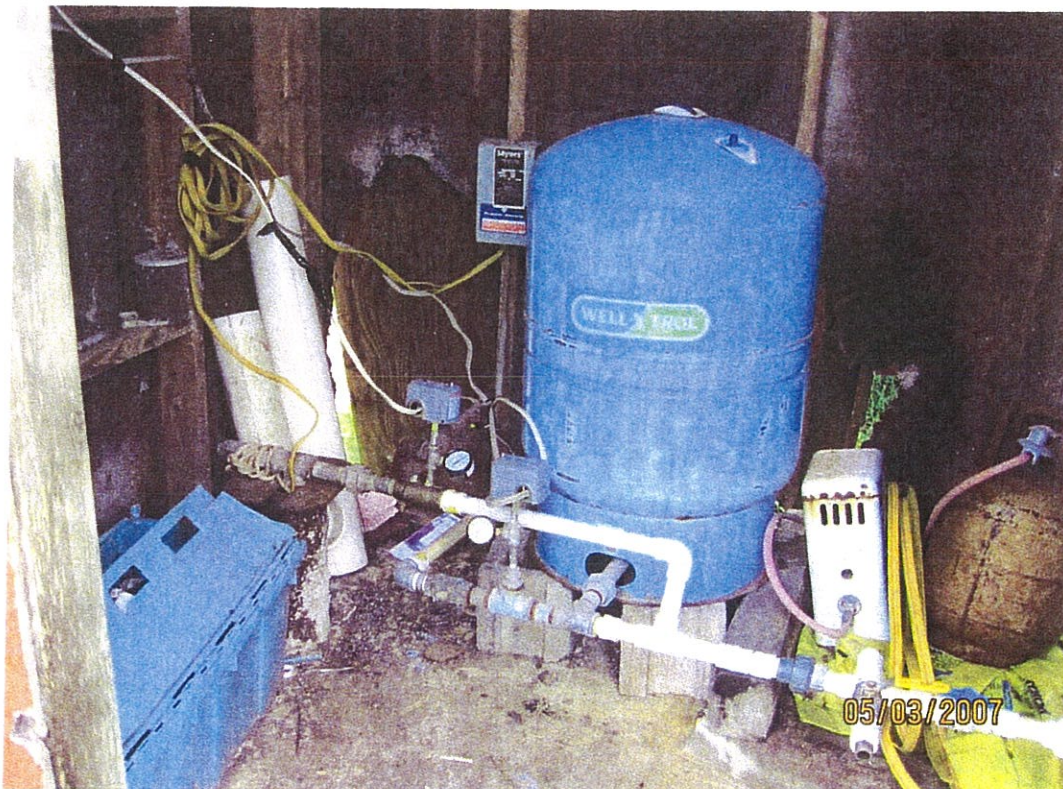
Following the meeting with Duderstadts I drove around in the prospect and found that UEC operations were completely shut down. I also found that the Weesach Prospect Office, UEC established on site was closed. I spoke by telephone with UEC representative Brad Moore and he confirmed that the operations had been suspended due to wet conditions. To prevent damage to the pasture, I did not attempt to examine the progress of the reclamation of the sites covered under NOV 080A.

Mine Name:	Weesache Prospect
Permit Number:	123
Inspection Date:	May 3, 2007

VI. Photographs



Photograph 1: The "New Deep Well"



Photograph 2: The "Old Well"



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

June 18, 2007

Mr. Randy Reneau
Chief Exploration Officer
Uranium Energy Corporation (UEC)
9801 Anderson Mill Road, Suite 230
Austin, Texas 78750

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123
Inspection Report

Dear Mr. Reneau:

Enclosed is a copy of the report for the inspection completed on June 12, 2007, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 463-6901.

Sincerely,

A handwritten signature in black ink that reads "Mark Schlimgen".

Mark Schlimgen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

URANIUM EXPLORATION INSPECTION REPORT

Mine Name: Weesach Project Permit Number: 123

Permittee: Uranium Energy Corporation (UEC) County: Goliad

Industry Representative(s) Present: Mike O'Leary

Inspector: Murphy Hawkins Date of Inspection: June 12, 2007

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐

Average Temperature 85° F Soil Condition Wet Date Last Rainfall _____ Wind Direction/
Velocity (Est.) _____

Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____

Cessation Order Issued: No ☒ Yes ☐ CO No. _____

[Signature]
Inspector Signature

06/15/2007

Date

[Signature]
Reviewing Supervisor Signature

6-15-07
Date

Mine Name: Weesach Project
Permit Number: 123
Inspection Date: June 12, 2007

III. Comments – Inspection Narrative

- *Document the area of the permit inspected*
- *Discuss observations made during the inspection*
- *Document the results of any field tests taken*
- *Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions*
- *Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action*

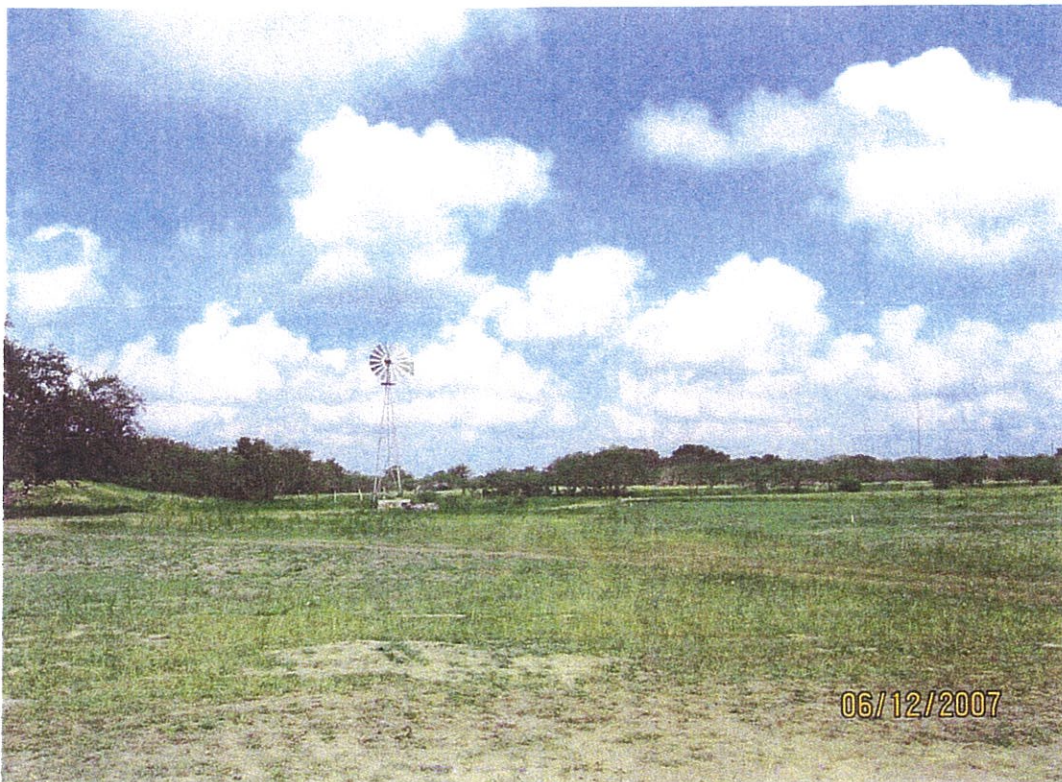
On June 12, 2007, I met with Uranium Energy Corporation (UEC) representative Mike O'Leary. The site visit was requested by UEC to assess the corrective actions taken as required by Notice of Violation (NOV) 080A. I examined several of the exploration sites identified in the NOV with O'Leary and confirmed that remedial action specified in the NOV was satisfactory (see photographs 1-2). I set up an inspection for Monday June 18, 2007, to fully examine the exploration sites included in the violation for completion of the remedial action.

Mine Name:	Weesach Prospect
Permit Number:	123
Inspection Date:	June 12, 2007

VI. Photographs



Photograph 1: Exploration Reclamation Site



Photograph 2: Reclaimed Drill Locations (white PVC pipes)



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

June 19, 2007

Mr. Randy Reneau
Chief Exploration Officer
Uranium Energy Corporation (UEC)
9801 Anderson Mill Road, Suite 230
Austin, Texas 78750

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123
Inspection Report
Termination of Notice of Violation No. 080A

Dear Mr. Reneau:

Enclosed is a copy of the report for the inspection completed on June 18, 2007, at UEC's Weesatche Project, Goliad County. Also enclosed is Termination of Notice of Violation No. 080A issued March 13, 2007.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in black ink that reads "Mark Schlimgen".

Mark Schlimgen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

URANIUM EXPLORATION INSPECTION REPORT

Mine Name: Weesach Project Permit Number: 123

Permittee: Uranium Energy Corporation (UEC) County: Goliad

Industry Representative(s) Present: Brad Moore

Inspector: Murphy Hawkins Date of Inspection: June 18, 2007

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐

Average Temperature 85° F Soil Condition Wet Date Last Rainfall _____ Wind Direction/
Velocity (Est.) _____

Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____

Cessation Order Issued: No ☒ Yes ☐ CO No. _____

Murphy Hawkins
Inspector Signature

06/19/2007
Date

Mark Schlingens
Reviewing Supervisor Signature

6-19-07
Date

Mine Name: Weesach Project
Permit Number: 123
Inspection Date: June 18, 2007

III. Comments – Inspection Narrative

- *Document the area of the permit inspected*
- *Discuss observations made during the inspection*
- *Document the results of any field tests taken*
- *Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions*
- *Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action*

This inspection focused on verifying that the remedial action required under Notice of Violation (NOV) 080A had been completed. In an inspection of the site on March 7-9, 2007, I found that only six sites of the 117 inspected meet all the reclamation requirements of the Uranium Exploration Permit No. 123 and the Regulations. Based on those observations I issued Notice of Violation 080A. The remedial action required under NOV 080A required the permittee to:

- 1) Install a concrete surface plug as required in the permit,
- 2) Mark the exact location of each borehole for verification by the Commission,
- 3) Remove all drilling mud, cuttings, cement and other debris burying it with no less than one foot of topsoil.

On this inspection, I re-examined the exploration locations, which failed to meet the standards, and found that UEC had corrected all the sites. UEC had installed a concrete surface plug at all sites (see photograph 1). UEC had installed a PVC pipe at each borehole location (see photograph 2). The company had removed all drilling mud, cuttings, cement and other debris burying it with no less than one foot of topsoil (see photographs 3-4). Based on my observations, I terminated NOV 080A.

**RAILROAD COMMISSION OF TEXAS
SURFACE MINING AND RECLAMATION DIVISION**



Notice of Violation No.
080A

TERMINATION OF NOTICE OF VIOLATION

Company: Uranium Energy Incorporated (UEC) County: Goliad
Mine: Weesatch Project Permit No.: Exploration Permit No. 123
Mailing Address: Suite 230-9801 Anderson Mill Road
Austin, TX 78750

Under the authority of the "Texas Surface Coal Mining and Reclamation Act" and the "Texas Coal Mining Regulations", with respect to Notice of Violation No. 080A dated March 13, 2007, is hereby terminated because:

UEC has completed the remedial action required. Specifically, UEC has installed a concrete surface plug at all sites, installed a PVC pipe to mark each borehole location, and removed all drilling mud, cuttings, cement and other debris burying it with no less than one foot of topsoil.

Dated: June 19, 2007

Signed: _____

(Authorized Representative)

Mine Name:	<u>Weesach Prospect</u>
Permit Number:	<u>123</u>
Inspection Date:	<u>June 18, 2007</u>

VI. Photographs**Photograph 1: Surface plug****Photograph 2: PVC pipe marking borehole**

Mine Name:	Weesach Prospect
Permit Number:	123
Inspection Date:	June 18, 2007

VI. Photographs



Photograph 3: Drilling mud, cuttings, cement and other debris removed, sites covered with a foot of topsoil



Photograph 4: Drilling mud, cuttings, cement and other debris removed, sites covered with a layer of topsoil

**RAILROAD COMMISSION OF TEXAS
SURFACE MINING AND RECLAMATION DIVISION**



Notice of Violation No.

080A

TERMINATION OF NOTICE OF VIOLATION

Company: Uranium Energy Incorporated (UEC)

County: Goliad

Mine: Weesatch Project

Permit No.: Exploration Permit No. 123

Mailing Address: Suite 230-9801 Anderson Mill Road
Austin, TX 78750

Under the authority of the "Texas Surface Coal Mining and Reclamation Act" and the "Texas Coal Mining Regulations", with respect to Notice of Violation No. 080A dated March 13, 2007, is hereby terminated because:

UEC has completed the remedial action required. Specifically, UEC has installed a concrete surface plug at all sites, installed a PVC pipe to mark each borehole location, and removed all drilling mud, cuttings, cement and other debris burying it with no less than one foot of topsoil.

Dated: June 19, 2007

Signed: _____

(Authorized Representative)



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

July 20, 2007

Mr. Randy Reneau
Chief Exploration Officer
Uranium Energy Corporation (UEC)
9801 Anderson Mill Road, Suite 230
Austin, Texas 78750

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123
Inspection Report

Dear Mr. Reneau:

Enclosed is a copy of the report for the inspection completed on June 18, 2007, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Schlimgen".

Mark Schlimgen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS SURFACE MINING AND RECLAMATION DIVISION

URANIUM EXPLORATION INSPECTION REPORT

Mine Name: Weesatch Project Permit Number: 123
 Permittee: Uranium Energy Corporation (UEC) County: Goliad
 Industry Representative(s) Present: Brad Moore and Josh Leftwich
 Inspector: Joe Collins Date of Inspection: July 18, 2007

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐
 Average Temperature 70°F Soil Condition Wet Date Last Rainfall 07/18/07 Wind Direction/
 Velocity (Est.) SE 10 Mph
 Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____
 Cessation Order Issued: No ☒ Yes ☐ CO No. _____

Joe Collins
Inspector Signature

07/19/2007
Date

Wade Adkins
Reviewing Supervisor Signature

7-19-07
Date

Mine Name: Weesatch Project
 Permit Number: 123
 Inspection Date: July 18, 2007

III. Comments – Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

This inspection focused on reclamation of the drilling activities associated with UEC's Weesatch Project, Permit No. 123. Due to abnormal rainfall the permit area has received, all expletory drilling operations were shut down. Heavy rain showers were occurring throughout the permit area during this inspection (see photograph 1).

Mr. Moore stated that eight (8) boreholes had been drilled since the June 2007 inspection. On this inspection, I examined reclamation at seven (7) the exploration locations. At each borehole UEC had installed a PVC pipe above the concrete surface plug allowing me to verify that each of the boreholes was plugged in accordance with Permit No. 123 and the regulations. I observed no drilling mud, cuttings, cement or other debris on the surface (see photographs 2-6).

Verified plugged boreholes:

1. # 89-
2. #93
3. #103
4. # P-107
5. # N 106
6. # 152
7. Un-numbered borehole east of P-107

Boreholes numbered N-106 and 152 located on the Shrade property were observed to be plugged but require mud pit reclamation operations to be completed (see photographs 7-8). Mr. Moore stated that soon as conditions would allow the reclamation would be completed for verification during the August 2007 inspection. Two additional sites located on the Jacob property were observed to have drilling operations initiated but due to weather conditions were postponed.

A closeout meeting was conducted on July 18, 2007 with Mr. Moore and Mr. Leftwich wherein the items included in this report were discussed.

Mine Name:	<u>Weesatch Project</u>
Permit Number:	<u>123</u>
Inspection Date:	<u>July 18, 2007</u>

VI. Photographs



Photograph 1: Rain shower passing through the Permit No. 123 area



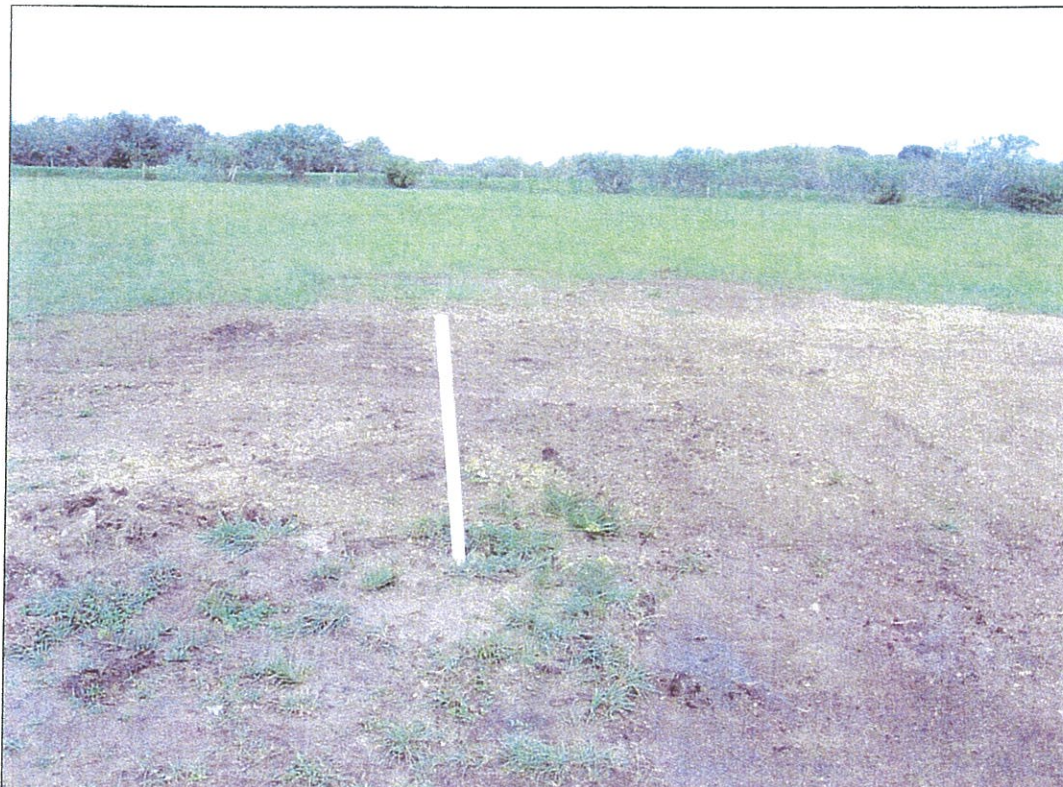
Photograph 2: Borehole 89 (Abrameit Property) pvc marker (view west).

Mine Name: Weesatch Project
Permit Number: 123
Inspection Date: July 18, 2007

VI. Photographs



Photograph 3: Borehole 93 (Abrameit Property) pvc marker (view west).



Photograph 4: Borehole 103 (Abrameit Property) pvc marker (view west).

Mine Name:	<u>Weesatch Project</u>
Permit Number:	<u>123</u>
Inspection Date:	<u>July 18, 2007</u>

VI. Photographs



Photograph 5: Unmarked borehole (Shrade Property) east of P-107 (view north).



Photograph 6: Borehole P-107 (Shrade Property) pvc marker (view west).

Mine Name:	<u>Weesatch Project</u>
Permit Number:	<u>123</u>
Inspection Date:	<u>July 18, 2007</u>

VI. Photographs



Photograph 7: Borehole drill site Jacob property (view north).



Photograph 8: Borehole drill site Jacob property (view south).



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

August 24, 2007

Mr. Randy Reneau
Chief Exploration Officer
Uranium Energy Corporation (UEC)
9801 Anderson Mill Road, Suite 230
Austin, Texas 78750

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123
Inspection Report

Dear Mr. Reneau:

Enclosed is a copy of the report for the inspection completed on August 23, 2007, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Schlingens".

Mark Schlingens, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS SURFACE MINING AND RECLAMATION DIVISION URANIUM EXPLORATION INSPECTION REPORT

Mine Name: Weesach Project Permit Number: 123
 Permittee: Uranium Energy Corporation (UEC) County: Goliad
 Industry Representative(s) Present: Brad Moore
 Inspector: Murphy Hawkins Date of Inspection: August 23, 2007

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐
 Average Temperature 95° F Soil Condition Wet Date Last Rainfall 08/23/07 Wind Direction/
 Velocity (Est.) 0-5 kn
 Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____
 Cessation Order Issued: No ☒ Yes ☐ CO No. _____

Murphy Hawkins 08/24/2007
 Inspector Signature Date

Wah Ahlman B-24-07
 Reviewing Supervisor Signature Date

Mine Name: Weesach Project
 Permit Number: 123
 Inspection Date: August 23, 2007

III. Comments – Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

It rained prior to and during the inspection. Mr. Moore requested that the inspection not include the Braquet and lower Shrade tracts because of the damage it would cause the pasture. Mr. Moore requested that these drill locations be inspected when the pasture was dry. These sites will be inspected on a later inspection. Mr. More said that the rains had limited the drilling program to the higher better-drained portions of the prospect. Mr. Moore said that only six plugged drill sites were accessible in the wet conditions. These holes, their locations, and photograph number are listed in the table below.

Bore Hole Number	Northing:	Easting:	Photograph Number
30892-107	380798	2527645	1
30892-109	380729	2527674	2
32202-153	382550	2530010	3
P1-07-184	381122	2536277	4
P1-07-5	380802	2534941	None

Each hole was examined for compliance with the surface reclamation and plugging requirements of the Exploration Notice. I found that each had a concrete surface plug as required. I found that each location was clearly marked. I observed that UEC had removed all drilling mud, cuttings, cement and other debris from the surface and coated the site with a layer of what appeared to be topsoil. At drill site 30892-107 a tree branch was present in the topsoil (see photograph 1). UEC personnel subsequently removed the tree branch.

Mine Name: Weesach Prospect
Permit Number: 123
Inspection Date: August 23, 2007

VI. Photographs



Photograph 1: Drill Site 30892-107



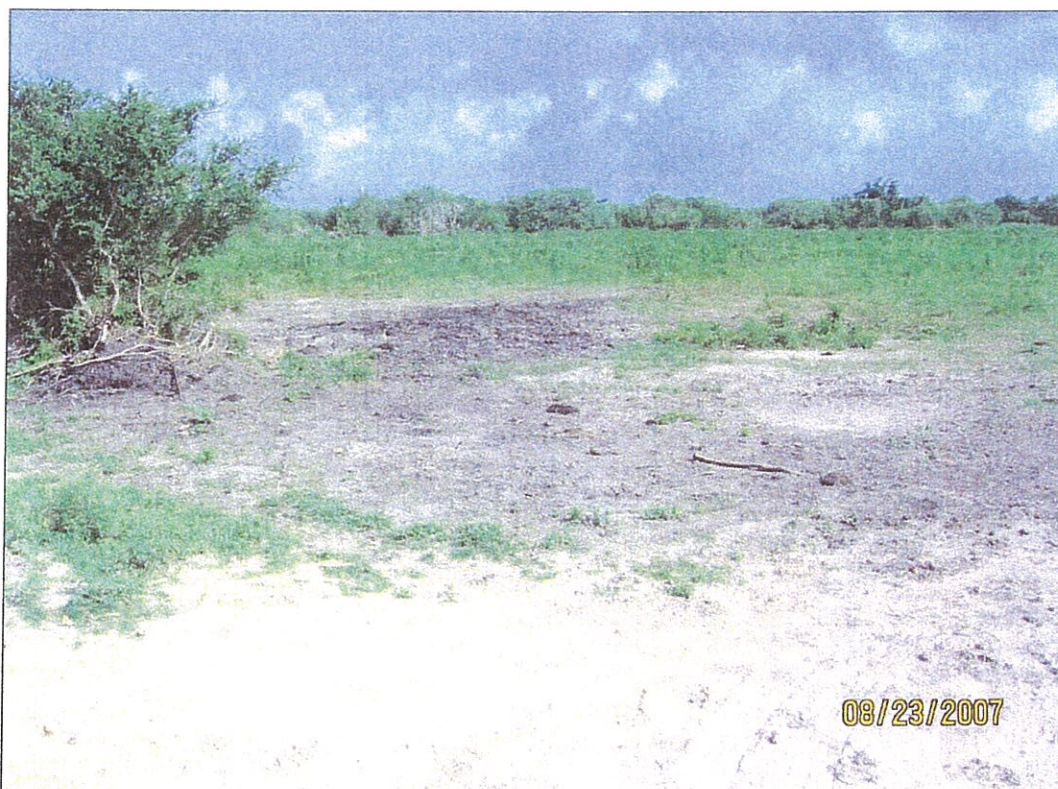
Photograph 2: Drill Site 30892-109

Mine Name: Weesach Prospect
Permit Number: 123
Inspection Date: August 23, 2007

VI. Photographs



Photograph 3: Drill Site 32202-153



Photograph 4: Drill Site P1-07-184



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

October 9, 2007

Mr. Josh Leftwich
Environmental Manager
Uranium Energy Corporation (UEC)
400 Mann Street, Suite 900
Corpus Christi, Texas 78401

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123A
Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on September 19 and October 3, 2007, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in blue ink that reads "Mark Schlimgen".

Mark Schlimgen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS SURFACE MINING AND RECLAMATION DIVISION URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche Permit Number: 123A
 Permittee: UEC County: Goliad
 Industry Representative(s) Present: Josh Leftwich – Bob Underdown
 Inspector: Steve Meadows – Lon Langley – Murphy Hawkins Date of Inspection: Sept 19 & Oct 3, 2007

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐
 Average Temperature 85 Soil Condition Dry Date Last Rainfall _____ Wind Direction/
 Velocity (Est.) Calm
 Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____
 Cessation Order Issued: No ☒ Yes ☐ CO No. _____



Steve Meadows

10/08/2007

Inspector Signature

Date

Mark Schlinger 10-08-2007

Reviewing Supervisor Signature

Date

Project Name: Weesatche
 Permit Number: 123A
 Inspection Date: Sept 19 & Oct 3, 2007

III. Comments – Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

UEC Environmental Manager, Josh Leftwich and General Manager, Bob Underdown accompanied RCT Inspectors Murphy Hawkins and Steve Meadows as well as Permitting Geo-Scientist Lon Langley of UEC Permit No. 123A operations in Goliad County.

This report documents two inspections of the UEC 123 permit area. The first trip on 9-19-07 served as an introductory training session for both Lon Langley and myself. We accompanied Murphy Hawkins on a general inspection of permit 123 area where we viewed the exploration process at the various stages of implementation from active drilling through reclaimed plugged exploration boreholes. Also as part of this inspection, we re-inspected the remediation work associated with boreholes RBLA-3 and RBLD-5. These two sites were identified in our August 23, 2007 follow-up survey as having a range of radiation levels that were similar to those measured during the pre-remediation survey conducted in March 2007, possibly indicating that insufficient topsoil was placed over drilling mud or cuttings. We observed that UEC had brought in and placed additional topsoil over a previously reclaimed drill site. Upon further investigation, we determined that UEC had placed and spread the topsoil at a different location. At Mr. Leftwich's request, we provided UEC with the coordinate location where the elevated levels were recorded. Mr. Leftwich stated that UEC would re-topsoil this area the following week, to which we agreed to re-inspect.

We returned on 10-3-07 where we observed that UEC had completed re-topsoiling the area associated with boreholes RBLA-3 and RBLD-5 (photo's 1&2). Using the Ludlum 12S MicroR meter we re-surveyed the area using the protocol established in the previous two surveys. All of the gamma radiation measurements taken ranged between 5.5 and 6.5 micro-R/hr, within the estimated background (ambient) gamma radiation levels of 4 to 7 micro-R/hr.

The remainder of this inspection consisted of photo documentation of UEC's exploration reclamation. During digging of the mud pits, topsoil and sub-soils are being segregated for proper reclamation (photo 3). Of the mud pits that I observed, I noted that the available topsoil varied considerably between locations. Topsoil being quite thin in some areas (photos 4 and 5). The reclamation site of borehole 167A appeared to have significantly thinner topsoil available for coverage (photo 6). Borehole 172 had recently been plugged and was awaiting topping off the cement plug to the surface. The mud pit was obviously very recently re-filled (photo 7).

Project Name: Weesatche
Permit Number: 123A
Inspection Date: Sept 19 & Oct 3, 2007

III. Comments – Cont.

I observed borehole 165 ready for final cement plugging and final reclamation (photo 8). Borehole 161 was plugged to surface and marked, with the mud pit refilled, smoothed and mounded. The surface and sub-surface reclamation for this borehole has been completed (photo 9). Borehole 162A and its reclamation area is shown in reference to the new mud pit seen in photo 4 and the area seen near borehole 167A; both of which are visible in the background of (photo 10).

These photographs exhibit UEC's procedures as regards exploratory boreholes. Proper location marking and reclamation efforts have greatly improved since the RCT's initial inspection.

Project Name: Weesatche
Permit Number: 123A
Inspection Date: Sept 19 & Oct 3, 2007

VI. Photographs



Photo 1: Additional topsoiled area RBLA-3 and RBLD-5



Photo 2: Recent remediation at RBLA-3 and RBLD-5

Project Name: Weesatche
Permit Number: 123A
Inspection Date: Sept 19 & Oct 3, 2007

VI. Photographs



Photo 3: Segregated topsoil and sub soil near Borehole 172



Photo 4: New mud pit with thin topsoil evident

Project Name: Weesatche
Permit Number: 123A
Inspection Date: Sept 19 & Oct 3, 2007

VI. Photographs



Photo 5: Segregated topsoil compared to sub soil at new mud pit



Photo 6: Borehole 167A refilled mud pit in area with thin topsoil

Project Name: Weesatche
Permit Number: 123A
Inspection Date: Sept 19 & Oct 3, 2007

VI. Photographs



Photo 7: Borehole 172 waiting on cement plug top off; note very fresh refilled pit

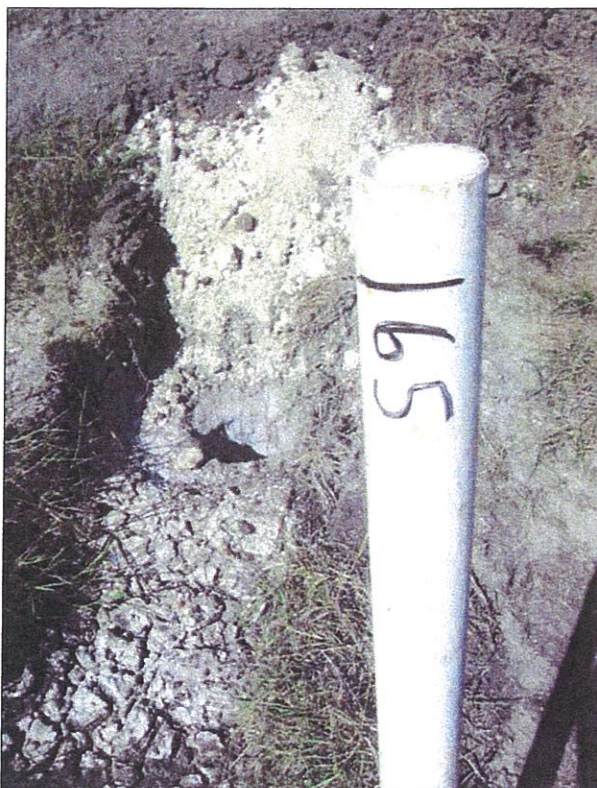


Photo 8: Borehole 165 ready for cement plugging and final reclamation

Project Name: Weesatche
Permit Number: 123A
Inspection Date: Sept 19 & Oct 3, 2007

VI. Photographs



Photo 9: Borehole 161 plugged and marked, mud pit smoothed and mounded.



Photo 10: Borehole 162A with new mud pit location and borehole 167A visible in background.



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

December 7, 2007

Mr. Josh Leftwich
Environmental Manager
Uranium Energy Corporation (UEC)
400 Mann Street, Suite 900
Corpus Christi, Texas 78401

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123A
Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on November 12 and 14, 2007, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in blue ink that reads "Mark Schlimgen".

Mark Schlimgen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche Permit Number: 123A
 Permittee: UEC County: Goliad
 Industry Representative(s) Present: Geologist John Pollock
 Inspector: Steve Meadows Date of Inspection: Nov 12 & 14, 2007

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐
 Average Temperature 80 Soil Condition Dry Date Last Rainfall N/A Wind Direction/
 Velocity (Est.) Calm
 Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____
 Cessation Order Issued: No ☒ Yes ☐ CO No. _____



Steve Meadows

12/06/2007

Inspector Signature

Date

Mark Schmitgen 12-06-07

Reviewing Supervisor Signature

Date

Project Name: Weesatche
Permit Number: 123A
Inspection Date: November 12&14, 2007

III. Comments -- Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

UEC's Permit No. 123A was inspected on November 12 & 14. The reclamation and plugging were verified for a total of 57 exploration boreholes. The general openness of the terrain and the recent plugging dates of these boreholes allowed this number to be verified in the time available. Only one borehole required the use of a backhoe to locate the plug, which considerably speeds up the process. The surface reclamation effort throughout the area inspected looked very good as seen in photo's 1-4. For example there are 6 borehole markers seen in photo 1 and the prompt attention to site reclamation is apparent as these boreholes were recently plugged. The quality of the surface reclamation seen in photo's 3 and 4 show the value of a good backhoe operator. All plugs were verified with a metal probe as seen in photos 7 and 8 and their locations recorded with a GPS device with the exception of borehole No. N223 that required a backhoe to uncover the plug as seen in photos 5 and 6. The coordinates and plugging dates for these 57 exploration boreholes are listed in Table 1 below.

Project Name: Weesatche
 Permit Number: 123A
 Inspection Date: November 12&14, 2007

III. Comments – Cont.

Table 1: Inspected Borehole Reclamation

Borehole ID	Neofine	Excess
155	382,453	2,530,004
158	382,190	2,529,538
159	381,697	2,528,589
160	381,659	2,528,722
161	381,852	2,528,896
162	381,881	2,528,859
162A	381,915	2,528,937
163	382,419	2,529,824
165	381,621	2,528,727
166	382,223	2,529,440
167	381,674	2,528,806
169	381,946	2,528,835
169A	382,109	2,528,739
170	381,779	2,528,521
170A	381,800	2,528,448
171	381,888	2,528,645
171A	381,889	2,528,527
172	381,708	2,528,964
173	381,691	2,528,662
174	381,789	2,528,990
177	382,151	2,529,338
180	382,469	2,530,090
181	381,608	2,528,533
N140A	378,628	2,526,491
N160	378,219	2,528,175
N165	378,276	2,526,568
N179	377,702	2,528,045
155	382,453	2,530,004

Borehole ID	Neofine	Excess
N194	378,590	2,526,735
N195	378,656	2,526,843
N197	378,332	2,527,046
N198	378,321	2,526,485
N199	378,111	2,526,803
N200	378,398	2,528,098
N203	378,707	2,526,486
N204	378,707	2,526,592
N205	378,713	2,526,701
N208	378,229	2,526,963
N209	378,147	2,527,009
N210	378,166	2,526,850
N211	378,063	2,526,936
N213	378,461	2,527,997
N214	378,399	2,528,031
N215	378,326	2,528,069
N216	378,243	2,528,021
N220	378,180	2,526,979
N222	377,738	2,527,935
N223	377,782	2,528,000
N224	377,764	2,528,079
N225	377,694	2,527,957
N226	377,802	2,528,084
N228	378,101	2,526,762
N229	378,044	2,526,800
N230	378,075	2,526,866
N235	377,896	2,528,117
N236	377,923	2,527,905

Project Name: Weesatche
Permit Number: 123A
Inspection Date: November 12&14, 2007

VI. Photographs



Photo 1: Current reclamation efforts in area of drilling activity.



Photo 2: Current surface appearance. Note markers for boreholes.

Project Name: Weesatche
Permit Number: 123A
Inspection Date: November 12&14, 2007

VI. Photographs



Photo 3: Surface Reclamation on Permit No. 123A



Photo 4: Surface work at N203

Project Name: Weesatche
Permit Number: 123A
Inspection Date: November 12&14, 2007

VI. Photographs



Photo 5: Locating plug of N223 with backhoe.



Photo 6: Borehole N223 plug located with backhoe

Project Name: Weesatche
Permit Number: 123A
Inspection Date: November 12&14, 2007

VI. Photographs



Photo 7: Probe and GPS at Borehole N235

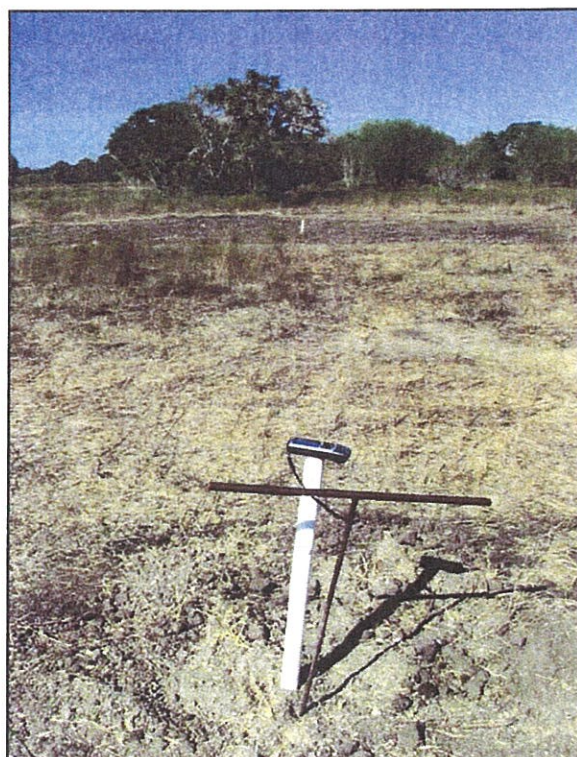


Photo 8: Borehole N226 located and verified with probe and GPS

Project Name: Weesatche
Permit Number: 123A
Inspection Date: November 12&14, 2007

VI. Photographs



Photo 9: A view of an area containing several exploration boreholes after reclamation.



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

January 3, 2008

Mr. Josh Leftwich
Environmental Manager
Uranium Energy Corporation (UEC)
400 Mann Street, Suite 900
Corpus Christi, Texas 78401

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123A
Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on December 19, 2007, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in blue ink that reads "Mark Schlinggen".

Mark Schlinggen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS SURFACE MINING AND RECLAMATION DIVISION URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche Permit Number: 123A
 Permittee: UEC County: Goliad
 Industry Representative(s) Present: John Pollock
 Inspector: Steve Meadows Date of Inspection: December 19, 2007

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐
 Average Temperature 75 Soil Condition Dry Date Last Rainfall N/A Wind Direction/
 Velocity (Est.) Calm
 Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____
 Cessation Order Issued: No ☒ Yes ☐ CO No. _____



Steve Meadows

12/19/2007

Inspector Signature

Date

Mark Sulinger 1-2-08

Reviewing Supervisor Signature

Date

Project Name: Weesatche
Permit Number: 123A
Inspection Date: December 19, 2007

III. Comments – Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

This inspection focused on the Braquete property on UEC's Permit No. 123A. The primary exploration phase being complete in this area, the property was examined for evidence of proper surface reclamation and clean up. A total of 32 boreholes on this property were examined and reported on last months report. An additional 10 boreholes were checked for compliance with the permit requirements on this inspection. The coordinates for these boreholes are given in the following table.

N280	2,494,984	13,501,598
N268	2,494,976	13,501,541
N264	2,496,109	13,501,531
N254	2,495,093	13,501,882
N244	2,496,114	13,501,448
N242	2,496,011	13,501,544
N240	2,495,928	13,501,524
N239	2,495,846	13,501,465
N238	2,495,841	13,501,568
N221	2,495,059	13,501,714

Coordinates: TX State Plane; South Central
Zone, NAD83 US Ft

Mud pits have been properly backfilled and all trash cleaned up as seen in Photo 1 in which 4 borehole sites are visible. Other than a few stacks of pallets awaiting pick up, all of the debris of drilling activity has been removed from the property. Photo 2 of borehole N239 can be considered typical of the reclamation of the borehole sites examined. Re-vegetation is taking place on the older locations on this property as seen in Photo 3.

Exploration activity has shifted to the south of this area and several drilling rigs were active in the area near UEC's project headquarters. This are will be inspected on future visits.

Project Name: Weesatche
Permit Number: 123A
Inspection Date: December 19, 2007

VI. Photographs



Photo 1: Surface Reclamation on Braquete property UEC 123A



Photo 2: Borehole N239 mud pit backfilled and clean up complete.

Project Name:
Permit Number:
Inspection Date:

Weesatche
123A
December 19, 2007

VI. Photographs



Photo 3: Re vegetation at borehole N221



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

January 29, 2008

Mr. Josh Leftwich
Environmental Manager
Uranium Energy Corporation (UEC)
400 Mann Street, Suite 900
Corpus Christi, Texas 78401

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123A
Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on January 17, 2008, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in blue ink that reads "Mark Schlimgen".

Mark Schlimgen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche Permit Number: 123A
 Permittee: UEC County: Goliad
 Industry Representative(s) Present: Jon Pollock
 Inspector: Steve Meadows Date of Inspection: January 17, 2008

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐
 Average Temperature _____ Soil Condition _____ Date Last Rainfall _____ Wind Direction/
 Velocity (Est.) _____
 Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____
 Cessation Order Issued: No ☒ Yes ☐ CO No. _____



Inspector Signature

Steve Meadows

01/25/2008

Date

Reviewing Supervisor Signature

1-25-08

Date

Project Name: Weesatche
Permit Number: 123A
Inspection Date: January 17, 2008

III. Comments – Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

This inspection of UEC's Permit No. 123A took place a day after the area had received 1 ½ inches of rain, and as a result access to some areas was limited. Drilling activity being complete on the Braquet Lease, as noted in last month's report, the remaining locations were inspected to verify plugging and surface reclamation efforts. The 25 exploration boreholes listed in the following table were examined. Photos 1-2 document the general appearance of this area of the property. Several drilling locations are visible in each photo and, as can be seen, all mud pits have been backfilled and the mounded material smoothed over. Photos 3-4 focus on individual boreholes N249 and N267. Both sites are typical of the surface reclamation work on this property and evidence of good backhoe work. The area has been well cleaned up and the only debris left on site from drilling activities are wooden pallets awaiting pick up. A UEC representative stated that UEC receives an \$8.00 credit for each and they would be picked up soon. A stack of these pallets is visible in Photo 5 as well as evidence of the vegetation returning to a backfilled mud pit area.

As the last phase of plugging verification of an individual borehole, UEC takes a final GPS reading of the topped off hole and then places the marking PVC pipe on the verified subsurface cement. A borehole at this phase of completion is seen in Photo 6. After three inspections of this property only a few exploration boreholes remain for which final reclamation has not been completed. The advantage of on-going inspections as work progresses is evident.

Project Name: Weesatche
 Permit Number: 123A
 Inspection Date: January 17, 2008

III. Comments -- Cont.

Borehole ID	Easting (x)	Northing (y)
n289	2,494,923.84	13,501,861.49
n295	2,495,711.93	13,502,065.92
n93	2,495,753.53	13,502,099.65
n286	2,495,150.52	13,502,094.23
n288	2,495,018.22	13,501,868.57
n291	2,494,927.72	13,501,778.54
n284	2,495,661.26	13,502,066.39
n283	2,495,596.64	13,502,008.64
n282	2,495,661.78	13,501,959.23
n281	2,495,698.95	13,502,006.38
n272	2,495,849.75	13,501,894.92
N279	2,495,037.91	13,501,644.21
N276	2,495,662.09	13,501,897.06
N275	2,495,663.72	13,502,011.67
N274	2,495,746.91	13,501,897.07
N273	2,495,740.65	13,502,001.87
N271	2,495,849.39	13,502,006.31
N269	2,495,067.69	13,501,620.21
N267	2,496,417.02	13,501,443.60
N263	2,496,112.63	13,501,632.20
N253	2,495,071.43	13,502,098.70
N252	2,494,998.62	13,502,093.85
N249	2,495,294.60	13,501,477.89
N241	2,495,921.81	13,501,379.60
N192	2,495,883.91	13,502,209.30

TX South Central Zone; NAD 83

Project Name: Weesatche
Permit Number: 123A
Inspection Date: January 17, 2008

VI. Photographs



Photo 1: Pasture on Barquet Lease Property



Photo 2: Surface reclamation work at 5 borehole drilling locations.

Project Name: Weesatche
Permit Number: 123A
Inspection Date: January 17, 2008

VI. Photographs



Photo 3: Good Reclamation work at Borehole N249



Photo 4: Surface reclamation at borehole N267

Project Name: Weesatche
Permit Number: 123A
Inspection Date: January 17, 2008

VI. Photographs



Photo 5: Barquet property – note pallets waiting pick up.



Photo 6: Borehole ready for final GPS reading and marking.



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

February 19, 2008

Mr. Josh Leftwich
Environmental Manager
Uranium Energy Corporation (UEC)
400 Mann Street, Suite 900
Corpus Christi, Texas 78401

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123A
Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on February 12, 2008, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in blue ink that reads "Mark Schlinggen".

Mark Schlinggen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche Permit Number: 123A

Permittee: UEC County: Goliad

Industry Representative(s) Present: John Pollock

Inspector: Steve Meadows Date of Inspection: February 12, 2008

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐

Average Temperature 55 Soil Condition Wet Date Last Rainfall 2-12-08 Wind Direction/
Velocity (Est.) North at 20

Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____

Cessation Order Issued: No ☒ Yes ☐ CO No. _____



Inspector Signature

Steve Meadows

02/15/2008

Date

Wade H. Hines 2-15-08

Reviewing Supervisor Signature

Date

The Railroad Commission of Texas complies with Federal and State laws applicable to race, religion, national origin, sex, and disability. Information is available upon request by calling (512) 463-7288 or 1-800-735-2989 if special assistance is required.

Project Name: Weesatche
Permit Number: 123A
Inspection Date: February 12-13, 2008

III. Comments – Inspection Narrative

- *Document the area of the permit inspected*
- *Discuss observations made during the inspection*
- *Document the results of any field tests taken*
- *Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions*
- *Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action*

This inspection of UEC Permit No. 123A was conducted on February 12 & 13 and covered recent exploration activity as well as a follow up inspection of areas previously inspected. Recent activity was examined in the P-107 area, the Braquet and the Halapeska property. 18 exploration boreholes in the P-107 area were inspected. The plugging and site restoration was complete for these boreholes, their locations were marked and a final GPS survey conducted. Coordinates and identifications for these boreholes are listed in Table 1. Photos 1-3 document the surface restoration efforts in the P-107 area.

The surface restoration of other recent exploration borings was also examined. Many of these locations were complete only lacking the final GPS survey and entry into the UEC database. They will be reported in next month's inspection report. Several drill sites in the vicinity of the old farmhouses and barns exhibited excellent surface restoration as documented in Photos 4-5.

In addition to areas of recent drilling activity, several properties in Permit No. 123 previously inspected were revisited to follow up on the progress of surface restoration efforts. Photos 6-7 of boreholes 162, 173 and 184 on the Schrade Lease show good re-vegetation occurring and proper surface contouring. The restored location of borehole 102, seen in Photo 8, is only detectable by the greener grass present over the backfilled mud pit. The area associated with monitor wells RBLA-3 and RBLD-5, reported in the November 2007 inspection report, is seen in Photo 9 to be re-vegetating. This topsoil was distributed in late September of 2007 and photos taken at that time are included on the October 2007 report for comparison. A dozen exploration borehole locations are located in the pasture to the west of Bluntzer Road, which leads to UEC Field Operation Headquarters. In Photo 10 the PVC pipe markers of 5 of these locations are visible.

Project Name: Weesatche
 Permit Number: 123A
 Inspection Date: February 12-13, 2008

III. Comments – Cont.

Coordinates:
 TX State Plane; South Central Zone,
 NAD83 US Ft

Table 1

Point ID	Easting	Northing
JN5	2,502,831.11	13,505,776.15
JN9	2,502,699.62	13,505,385.06
JN4	2,502,919.95	13,505,264.97
JN8	2,503,225.42	13,505,763.65
JN6	2,503,283.44	13,505,416.27
4-10	2,503,194.95	13,505,163.92
JN3	2,503,281.17	13,505,328.55
4-11.5	2,503,200.35	13,505,310.54
3-12	2,502,794.33	13,505,381.82
3-14	2,502,813.11	13,505,572.07
3.75-12	2,503,100.87	13,505,367.83
4-13	2,503,207.59	13,505,460.70
4-12	2,503,200.92	13,505,361.52
4-8	2,503,201.77	13,504,964.34
JN2	2,503,464.48	13,504,543.58
JN1	2,503,563.54	13,504,496.84
5	2,503,548.91	13,504,141.56
5-4	2,503,569.41	13,504,535.74

Project Name: Weesatche
Permit Number: 123A
Inspection Date: February 12-13, 2008

VI. Photographs



Photo 1: Exploration clearing in P107 area of Permit No. 123. 6 borehole locations are visible.



Photo 2: Borehole 4-11.5 drill site.

Project Name: Weesatche
Permit Number: 123A
Inspection Date: February 12-13, 2008

VI. Photographs

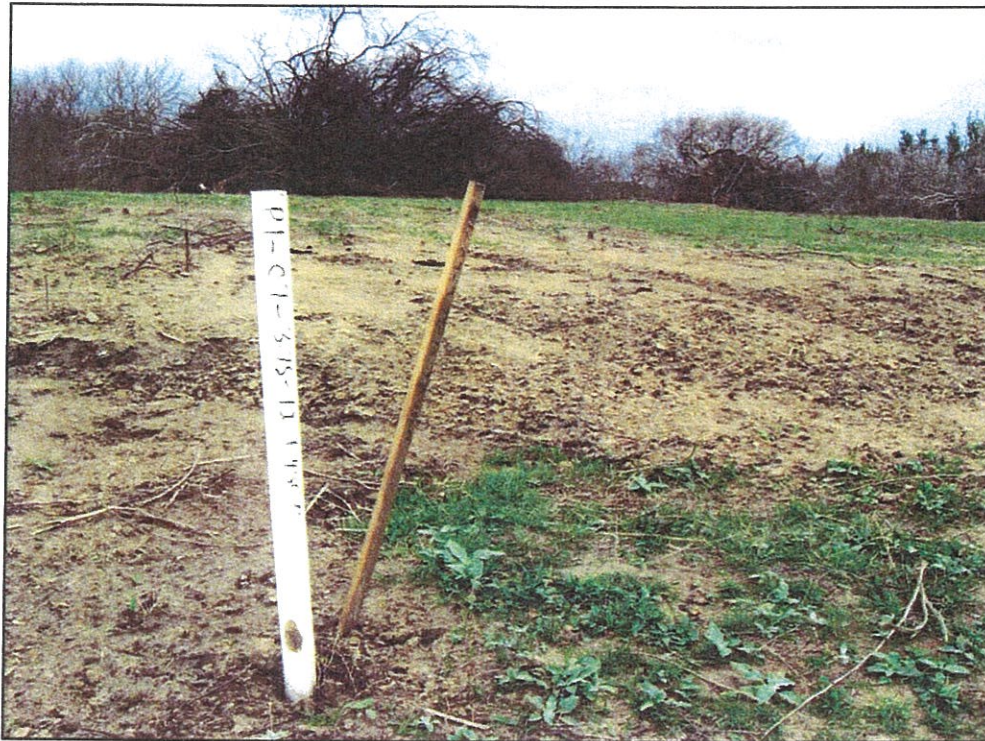


Photo 3: Completed restoration work at location of borehole 3.75-12.



Photo 4: Drill location at old Braquet house..

Project Name: Weesatche
Permit Number: 123A
Inspection Date: February 12-13, 2008

VI. Photographs



Photo 5: Exploration borehole restoration on Braquet property.



Photo 6: Borehole locations 173 and 184 on Schrade property.

Project Name: Weesatche
Permit Number: 123A
Inspection Date: February 12-13, 2008

VI. Photographs



Photo 7: Site restoration at location of borehole 162..



Photo 8: Location of borehole 102 to left of RRC vehicle.

Project Name: Weesatche
Permit Number: 123A
Inspection Date: February 12-13, 2008

VI. Photographs



Photo 9: Area associated with RBLA-3 and RBLD-5.



Photo 10: The view west from Bluntzer Road. 5 drill sites are visible.



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

March 26, 2008

Mr. Josh Leftwich
Environmental Manager
Uranium Energy Corporation (UEC)
400 Mann Street, Suite 900
Corpus Christi, Texas 78401

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123A
Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on March 19, 2008, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in blue ink that reads "Mark Schlimgen".

Mark Schlimgen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche Permit Number: 123A
 Permittee: UEC County: Goliad
 Industry Representative(s) Present: John Pollock
 Inspector: Steve Meadows Date of Inspection: March 19, 2008

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐
 Average Temperature 65 Soil Condition Muddy Date Last Rainfall March 18, 2008 Wind Direction/
 Velocity (Est.) North at 15
 Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____
 Cessation Order Issued: No ☒ Yes ☐ CO No. _____



Steve Meadows

03/25/2008

Inspector Signature

Date

Mark Schlinger 3-25-08

Reviewing Supervisor Signature

Date

Project Name: Weesatche
Permit Number: 123A
Inspection Date: March 19, 2008

III. Comments – Inspection Narrative

- *Document the area of the permit inspected*
- *Discuss observations made during the inspection*
- *Document the results of any field tests taken*
- *Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions*
- *Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action*

Rain the previous day in the Permit 123 area somewhat curtailed access to certain portions of UEC's activities. 40 exploration boreholes located on the Karnei property will need to be inspected in the future as the landowner requested that road travel be avoided on his property during muddy conditions. Plugging and site restoration for 16 boreholes located near the two old un-occupied Braquet house's was completed and the sites inspected. Photo's 1-6 documents the typical quality of site restoration on the acreage near the old houses. The area past the fence line in Photo 3 is the previously inspected portion of the Braquet property where little evidence can be seen of the several dozen restored borehole drill sites located there. I also inspected the site restoration in progress for several borehole sites located in the field visible in the background of Photos 5-6, through which it was necessary to travel to access the Braquet house location. Further surface restoration remains to be done on these sites that will be reported in a future inspection. The coordinates of the 16 boreholes for which surface restoration was complete are given in the table below.

By email dated March 17, 2008, Ms. Margaret Rutherford requested an investigation of 2 exploration boreholes located adjacent to her property, reportedly approximately 300 feet from each of her 2 water wells that supply her drinking water. I found boreholes P1-07-1-20 and P1-07-JN18 located on the Jacobs property at coordinates N382,796.83-E2,533620.36 and N383,190.69-E2,533,614.74 respectively. During the inspection, I attempted to contact Ms. Rutherford, by telephone and in person, for permission to enter her property and collect a GPS coordinate of her water wells. Unable to access the Rutherford property, I collected a GPS coordinate at the Rutherford property line on Bluntzer Road, and determined borehole P1-07-1-20 to be approximately 374 feet from the property line and borehole P1-07-1-JN18 located at a distance of 246 feet. According to UEC records, drilling and logging of borehole P1-07-1-20 was completed on February 20, 2008 after which the borehole was plugged from a total depth of 500 feet with a slurry of 44 sacks of cement, 50 pounds gel and 9.2 bbls of water. Photo 7 documents a 10-foot metal probe sitting on top of the cement plug. Drilling and logging of borehole P1-07-JN18 was completed on February 26, 2008 and the hole plugged from a total depth of 480 feet with 42 sacks of cement, 50 pounds of gel and 8.83 bbls of water the same day. Borehole P1-07-JN18 is seen in Photo 8 also with the 10-foot metal probe sitting on top of the cement plug. Final topping off and surveying of the borehole plug to complete site restoration was not yet complete at either site although the mud pits were backfilled. I found the surface restoration at both sites to be in good order with all cuttings and drilling mud properly disposed of. The plugging and site restoration procedures followed for these boreholes is consistent with the requirements of the regulations and Permit No. 123A.

Ms. Rutherford returned my telephone call later that day, at which time I informed her of my findings. She related to me that she was unaware of the standard procedure of plugging exploration boreholes with cement from total depth to the surface and remarked that the information was interesting.

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III. Comments – Cont.

Hole ID	East (x)	North (y)
N196	2,497,095.94	13,500,941.94
N256	2,496,678.43	13,501,317.83
N257	2,496,561.82	13,501,103.81
N258	2,496,675.72	13,500,977.95
N259	2,496,809.06	13,500,941.41
N260	2,496,943.37	13,500,934.80
N261	2,496,622.19	13,501,062.85
N262	2,496,691.92	13,501,050.62
N296	2,496,982.04	13,501,105.10
N297	2,497,006.66	13,501,293.18
N298	2,496,880.22	13,501,300.27
N301	2,497,104.50	13,501,297.26
N302	2,496,801.13	13,501,000.71
N303	2,496,858.40	13,500,945.69
N304	2,496,753.79	13,500,946.73
N299	2,496,901.10	13,501,191.73

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VI. Photographs



Photo 1: Borehole site restoration at Braquet House.



Photo 2: Drill site near Braquet house and water well.

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VI. Photographs



Photo 3: Previously inspected Braquet property across fence line on UEC 123.



Photo 4: Completed site restoration at old Braquet house.

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VI. Photographs



Photo 5: Borehole N196.



Photo 6: Exploration borehole N258

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VI. Photographs



Photo 7: Borehole P1-07-1-20, approximately 374 feet from Rutherford property line.



Photo 8: Borehole P1-07-JN18, approximately 246 feet from Rutherford property line.

